

## COVINGTON & BURLING

1201 PENNSYLVANIA AVENUE NW  
WASHINGTON, DC 20004-2401  
TEL 202.662.6000  
FAX 202.662.6291  
WWW.COV.COM

WASHINGTON  
NEW YORK  
SAN FRANCISCO  
LONDON  
BRUSSELS

MICHAEL L. ROSENTHAL  
TEL 202.662.5448  
FAX 202.778.5448  
MROSENTHAL@COV.COM

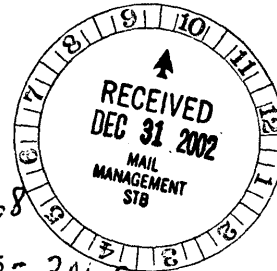
December 31, 2002

Chairman Roger Nober  
Office of Chairman  
Surface Transportation Board  
1925 K Street, N.W., Suite 820  
Washington, D.C. 20423-0001

ENTERED  
Office of Proceedings

DEC 31 2002

Part of  
Public Record



Re: Docket Nos. 38302S and 38376S; - 206967  
Investigation and Suspension Docket No. 9205 - 206968

Dear Chairman Nober:

In a letter dated January 29, 1999, Chairman Morgan asked the parties to report on the status of settlement discussions in these proceedings. Since then, we have provided periodic updates.

In our letter of February 28, 2002, we informed Chairman Morgan that, subject to final approvals, Union Pacific and the government parties had reached agreement to settle the above-captioned cases and dismiss Union Pacific as a defendant. On June 28, and again on September 30, we reported that the approval process was underway. The approval process continues. We hope to submit the settlement between Union Pacific and the government parties or report further by March 31, 2003.

Sincerely,

*Jane P. Schlaifer/mr*  
Jane P. Schlaifer  
Counsel for the United States  
Department of Energy

*Michael L. Rosenthal*  
Michael L. Rosenthal  
Counsel for the Railroad Defendants

*Robert N. Kittel/mr*  
Robert N. Kittel  
Counsel for the United States  
Department of Defense

*Stephen C. Skubel/mr*  
Stephen C. Skubel  
Assistant General Counsel  
for Federal Litigation

cc: Vice Chairman Wayne O. Burkes  
Commissioner Linda J. Morgan  
Nancy Wilson, AAR